

ER-7-9627

Honorable Richard B. Russell  
Chairman  
Armed Services Committee  
United States Senate  
Washington 25, D. C.

Dear Mr. Chairman:

Mar. 3 1956

DOCUMENT NO. \_\_\_\_\_  
NO CHARGE IN GLASS.   
 CONFIDENTIAL  
CLASSIFIED UNTIL: TS S G  
NEXT REVIEW DATE: \_\_\_\_\_  
AUTH: AF 104  
DATE: 24/2/81 REVIEWER: \_\_\_\_\_

STAT

This is in response to your request of 24 February 1956 that I summarize for you the information which the Central Intelligence Agency furnishes to subcommittees of the Appropriations Committees of the Congress in connection with our budget presentations.

We prepare and supply to these committees a booklet which gives a comprehensive picture of our over-all financial situation for the three-year period common to Government agencies generally. This information includes our estimate of requirements for the fiscal year under consideration, as well as our estimate of obligations and expenditures for the current fiscal year, and our actual obligations and expenditures for the year preceding. A brief explanation of estimated increases and decreases is furnished. This over-all information is further broken down in three principal ways as follows:

- a. First, by function, showing the amount of funds and percentage of our total funds which are allocated to the major activities of the Agency.
- b. Second, by object class, showing the amount of funds and percentage of the total for personal services, travel, transportation, communications, etc.
- c. Third, by organizational component, showing personnel strength, personal service costs, and an object class breakdown.

This booklet contains highly classified information and is returned to the Agency after it has served the committees' purposes.

For the past five years either as Director or as Deputy Director of Central Intelligence, I have been closely associated with the presentation of our budget to the Appropriations subcommittees. On these occasions, a great deal of supplementary information, including explanation of specific programs and projects, has been supplied to the subcommittees, and I have responded promptly and fully to all requests made of the Agency for information which the members felt to be necessary and appropriate to their consideration of our requests for funds.

I should also like to add a word about the audit of our funds. Where security permits, our expenditures are audited by the General Accounting Office in the same manner as those of other Government agencies. About forty per cent of our total expenditures are so audited. The balance is carefully audited by my own Audit Staff in accordance with procedures comparable to those of the General Accounting Office. I can assure you that we handle these funds as carefully as we do those which are subject to the GAO audit. The Clark Task Force of the Hoover Commission looked into this matter carefully during their survey of the Agency last year and reported that "the so-called 'unvouchered funds' of CIA, often the subject of criticism and conjecture on the part of individuals, and occasionally of the press, were found to be meticulously handled and accounted for."

In view of his expressed interest in this matter, I am taking the liberty of sending a copy of this letter to Senator Saltonstall.

Sincerely,

*[Signature]*

Allen W. Dulles  
Director

CONCLUE.

Inspector General

DDS/LKW/ljq (24 Feb. 56)  
IG:LW:NSP/blc (27 Feb. 56)  
Rewritten NSP/blc (28 Feb. 56)  
Orig. - Add  
1 - Sen. Saltonstall  
2 - Signer  
1 - DDCI *WT*  
1 - DD/S  
1 - OGC  
1 - Comptroller  
1 - Legis. Counsel

DD/S  
DCI  
Comptroller  
GC

The Honorable Richard B. Russell  
Chairman  
Armed Services Committee  
United States Senate  
Washington 25, D. C.

Dear Mr. Chairman:

This is in response to your request of 24 February 1956 that I summarize for you the information which the Central Intelligence Agency furnishes to Appropriations Committees of the Congress in connection with our budget presentations.

We prepare and supply to the Committees a booklet which gives a comprehensive picture of our over-all financial situation for the three-year period common to Government agencies generally. This information includes our estimate of requirements for the fiscal year under consideration, as well as our estimate of obligations and expenditures for the current fiscal year, and our actual obligations and expenditures for the year preceding. A brief explanation of estimated increases and decreases is furnished. This over-all information is further broken down in three principal ways as follows:

- a. First, by function, showing the amount of funds and percentage of our total funds which are allocated to the major activities of the Agency.
- b. Second, by object class, showing the amount of funds and percentage of the total for personal services, travel, transportation, communications, etc.

c. Third, by organizational component, showing personnel strength, personal service costs, and an object class breakdown.

This booklet contains highly classified information and is returned to the Agency after it has served the Committee's purpose.

In my appearances before the Committee, a great deal of supplementary information, including explanation of specific programs and projects, is supplied in order that the Committee may have adequate information to properly consider our request for funds. I, of course, respond fully to any questions which the Committee may wish to ask. Information of vital interest to the National Security is involved, and to the best of my knowledge and belief there has never been an unauthorized disclosure as a result of these hearings. In previous years, the House Appropriations Committee has usually considered our budget in greater detail than has the Senate Committee. However, the same information <sup>is</sup> ~~has been~~ available to the Senate Committee and I stand ready at all times to furnish whatever information they <sup>members</sup> may see fit to request.

I should also like to add a word about the audit of our funds. Where security ~~will~~ permit, our expenditures are audited by the General Accounting Office in the same manner as those of the ~~normal~~ Government agency. About forty per cent of our total expenditures are so audited. The balance is carefully audited by my own Audit Staff in accordance with procedures comparable to those of the General Accounting Office. I can assure you that we handle these funds as carefully as we do those which are subject to the GAO audit. The Clark Task Force of the Hoover Commission looked into

this matter carefully during their survey of the Agency last year and reported that "the so-called 'unvouchered funds' of CIA, often the subject of criticism and conjecture on the part of individuals, and occasionally of the press, were found to be meticulously handled and accounted for."

*In view of this expressed interest in this matter, I am enclosing*

Sincerely,

Allen W. Dulles  
Director

*Enclosure of evidence concerning a copy of the Allen Dulles letter.*

THIS IS PAGE 51 / APPENDIX  
II, CLASSIFIED TOP SECRET.  
NO MENTION IN PUBLIC REPORT.  
HOWEVER SEE NO REASON  
WHY YOU CAN'T DECLASSIFY!

L.B.K.